

BEFORE THE ADJUDICATING AUTHORITY
IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT – 1, AHMEDABAD

ITEM No.105
RCP(IB)/1(AHM)2026
(Old Case C.P. (IB)/249/AHM/2025 Restore on 03-02-2026)

Proceedings under Section 9 IBC

(Petition under Section 9 of the Insolvency and Bankruptcy Code, 2016 read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016)

IN THE MATTER OF:

Live Fashion Through its Proprietor
Mr. Dhirajbhai Karamshi Fatak
Having office at:
Shop No.2, First Floor, Kamuvilla,
P.M. Road, Khotwadi, Santacruz West,
Mumbai – 400054

.....Applicant/OC

VERSUS

JCR Fashion Retail Private Limited
(CIN: U52609GJ2017PTC095734)
Having registered office at:
23, Ground Floor, Kalasagar Mall,
Ghatlodia, Ahmedabad – 380061, Gujarat

.....Respondent/CD

Order delivered on: 10/03/2026

C O R A M:

MR. SHAMMI KHAN, HON'BLE MEMBER (J)
MR. SANJEEV SHARMA, HON'BLE MEMBER (T)

P R E S E N T:

For the Applicant : Mr. Nilesh P Udermani, Advocate
For the Respondent : None.

O R D E R
(Hybrid Mode)

1. This Company Petition is filed by the Applicant Live Fashion through its Proprietor Mr. Dhirajbhai Karamshi Fatak (hereinafter referred to as "Operational Creditor") against JCR Fashion Retail Private Limited (hereinafter referred to as "Corporate Debtor") under Section 9 of the

Insolvency and Bankruptcy Code, 2016 read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 for initiation of Corporate Insolvency Resolution Process (CIRP), appointment of Interim Resolution Professional and declaration of moratorium for default in payment of operational debt of Rs. 5,40,08,259/- (original claim; post-settlement acknowledgment of Rs. 4,97,73,003/- per agreement dated 26.09.2025, which stands defaulted) arising from supply of garments.

2. On perusal of Part-I of Form-5, it is observed that the Operational Creditor is a proprietorship concern engaged in the business of manufacturing and supplying garments and having its office at Mumbai. The Petition has been filed through its Proprietor Mr. Dhirajbhai Karamshi Fatak, who is duly authorised and competent to file the present Petition.
3. On perusal of Part-II of Form-5, it is seen that the Corporate Debtor is JCR Fashion Retail Private Limited, a company incorporated on 10.02.2017 under the Companies Act, 2013 and having its registered office at 23, Ground Floor Kalasagar Mall, Ghatlodia, Ahmedabad, Gujarat. The Master Data of the Corporate Debtor downloaded from the MCA website which is annexed as Annexure-C.
4. On Perusal of Part-III of Form-5, shows that the Operational Creditor has not proposed any name for the appointment of IRP and sought the appointment of IRP by this Tribunal as per the empanelment list of IBBI made available at the time of the admission of this Petition.
5. On perusal of Part-IV of the Form-5, shows that total operational debt as claimed by the Operational Creditor arising from the supply of goods to Corporate Debtor is Rs.5,40,08,259/- consisting of Rs. 4,16,73,003/- being principal and amount of Rs. 1,23,35,256/- as interest up-to 15.02.2025. The date of default is stated to be 01.08.2024.

6. On perusal of Part-IV & Part-V of Form-5 shows that the Operational Creditor has placed the facts through this Petition in the following manner: -
- 6.1 The Operational Creditor supplied garments to the Corporate Debtor pursuant to purchase orders issued by the Corporate Debtor in the ordinary course of business.
 - 6.2 The goods were supplied as per the requirements of the Corporate Debtor and were accepted without any protest or rejection.
 - 6.3 The Operational Creditor raised various invoices upon the Corporate Debtor for the goods supplied.
 - 6.4 Despite repeated follow-ups and requests, the Corporate Debtor failed to clear the outstanding invoices within the agreed payment period.
 - 6.5 The ledger account maintained by the Operational Creditor reflects outstanding dues against the Corporate Debtor.
 - 6.6 The Operational Creditor issued a Demand Notice dated 20.03.2025 under Section 8 of the Code in Form-3, calling upon the Corporate Debtor to clear the outstanding operational debt.
 - 6.7 The demand notice was duly served upon the Corporate Debtor. However, no payment was made within the stipulated period.
 - 6.8 The Operational Creditor has also placed on record **Form-D** issued by NeSL, wherein the record of debt and default is shown with status "**Deemed to be Authenticated.**"
 - 6.9 The Operational Creditor has filed affidavit under Section 9(3)(b) stating that no notice of dispute was received within the statutory period.
7. The Operational Creditor has relied upon the following documents which are as under: -
- (a) Tax invoices
 - (b) Ledger statements
 - (c) Demand Notice under Section 8
 - (d) Master data of Corporate Debtor
 - (e) NeSL record of default Form-D dated 11.09.2025

(f) Settlement Agreement dated 26.09.2025

8. Upon issuance of notice in the present Petition, the Corporate Debtor appeared through its counsel and filed its **Reply** denying the averments made in the Petition. The contentions of the Corporate Debtor are mentioned hereunder: -

8.1 The Corporate Debtor inter-alia contended that disputes exist between the parties regarding quality and specifications of goods supplied by the Operational Creditor. It is further contended that adjustments by way of credit notes were required and therefore the alleged operational debt is disputed.

8.2 The Corporate Debtor also relied upon a document styled as "Minutes of Meeting dated 17.05.2024" and alleged that discussions had taken place regarding replacement of goods and settlement of accounts.

9. The Operational Creditor filed a rejoinder, denying most contentions raised by the Corporate Debtor in its reply. The contents of the Rejoinder are reproduced as follows: -

9.1 The Applicant submits that the Respondent has failed to produce any correspondence, delivery challan endorsement, or communication evidencing rejection of goods at the time of delivery. On the contrary, the Respondent continued to place orders and make payments without protest.

9.2 The Applicant has also categorically denied the authenticity of the Minutes of Meeting dated 17.05.2024, asserting that no such meeting ever took place and that the said document is fabricated and unsupported by any contemporaneous record.

9.3 It is further submitted that the Respondent continued to make part payments including a payment of Rs. 15,00,000/- dated 16.01.2025, which indicates acknowledgment of liability and continuation of business relations.

9.4 It is further brought on record that during the pendency of the proceedings, the parties entered into a Settlement Agreement dated 26.09.2025.

9.5 Under the said settlement, the Respondent acknowledged the principal outstanding amount of Rs. 4,16,73,003/- and agreed to pay a negotiated interest amount of Rs. 81,00,000/-, aggregating to

Rs. 4,97,73,003/-. However, the Respondent again committed default in repayment of admitted and acknowledged settled amount.

- 9.6 The Applicant submits that prior to execution of the settlement, Form-D generated by NESL had been marked as "Deemed to be Authenticated", evidencing the operational debt claimed by the Applicant.
- 9.7 According to the Applicant, execution of the Settlement Agreement amounts to clear acknowledgment of debt by the Respondent and therefore the defence of pre-existing dispute is not sustainable.
10. This matter was initially filed by the applicant/OC under Section 9 of the IB Code, 2016, on 27.06.2025, against the respondent/CD for initiation of CIRP against the Corporate Debtor in view of the default in operational debt amount of Rs.5,40,08,259/- which include interest at the rate of 18%. During the pendency of the proceedings on 06.10.2025 instead of filing the rejoinder to the reply filed by the respondent/CD, a pursis along with the copy of the settlement agreement dated 26.09.2025 was filed for withdrawal of the case being matter has been settled between the parties for Rs.4,97,73,003/- towards full and final settlement of its operational dues. Accordingly CP(IB)249 of 2025 was dismissed being settled on 06.10.2025.
11. Later on a Restoration Application No.38 of 2025 was filed by the applicant/OC on the ground that out of settled amount only an amount of Rs.25,29,542/- was paid and rest of the amount was not paid. The cheques issued for the same stand dishonored. On issuance of notice, the respondent/Corporate Debtor appeared in the matter. Thereafter the respondent/Corporate Debtor stopped appearing and on 03.02.2026 in the presence of the counsel for the respondent restoration application was heard and was allowed by restoring the CP 249 of 2025 on board.
12. Thereafter, the registry renumbered the CP as RCP No.1 of 2026 listed for hearing on the adjourned dated on 23.02.2026. The applicant/OC filed its rejoinder vide Inward No. D 1578 on 19.02.2026 annexing the

copy of the settlement agreement again reiterating the stand of default in the settlement agreement. On that day nobody appeared for the respondent/Corporate Debtor and accordingly the matter was adjourned for today.

13. Today, when the matter is taken up in the morning session again nobody came forward on behalf of the respondent/Corporate Debtor and matter was passed over to wait for the appearance of the respondent/Corporate Debtor. The matter is again taken up at 1:10 PM in second round but the respondent/Corporate Debtor again neither appeared nor filed any documents of pleadings further to show rebut the present restore proceedings accordingly the respondent/Corporate Debtor is proceeded Ex-Parte.
14. We have heard the arguments of Ld. Counsel for the Applicant/Operational Creditor, ex-parte against the Respondent/Corporate Debtor and perused the material available on record.
15. For admission of a petition under Section 9 of the Insolvency and Bankruptcy Code, the Adjudicating Authority is required to examine whether:
 - a. an operational debt exists;
 - b. default has occurred;
 - c. demand notice under Section 8 was duly served; and
 - d. there exists no genuine pre-existing dispute.
16. The Hon'ble Supreme Court in ***Mobilox Innovations Pvt. Ltd. v. Kirusa Software Pvt. Ltd., (2017) ibclaw.in 01 SC*** (decided on 21.09.2017), has held that the Adjudicating Authority must determine whether the dispute raised by the corporate debtor is a real dispute supported by evidence and not merely spurious, hypothetical or illusory.

17. In the present case, the defence raised by the Respondent regarding quality of goods and credit notes is not supported by contemporaneous documentary evidence. No material has been produced to demonstrate rejection of goods or any dispute concerning supply of goods, prior to issuance of the demand notice.
18. On the contrary, the record shows continuation of business transactions between the parties and part payments made by the Respondent even after the alleged dispute.
19. Further, the Settlement Agreement dated 26.09.2025 executed between the parties records acknowledgment of the principal operational debt by the Respondent. Such acknowledgment substantially weakens the defence of pre-existing dispute raised in the reply.
20. In view of the material on record, the defence raised by the Respondent appears to be unsupported by substantive evidence and does not meet the threshold of a genuine pre-existing dispute as laid down by the Hon'ble Supreme Court in **Mobilox**. Further, the amount in default is also crystalized and admitted in the settlement agreement. The settlement agreement concerned with the amount agreed to be paid which arose from the supply of goods.
21. Hence, in our view, the present Petition is complete in terms of Section 9 of the Code. The Operational Creditor is entitled to claim its dues, establishing the operational debt and default in payment of the Operational Debt beyond doubt. The outstanding Operational Debt is of more than rupees one crore which meets the threshold limit as per section 4 of the Code and is well within the limitation for filing the present Petition. Moreover, the aforesaid said default is not covered under the period exempted under Section 10A of IBC, 2016. Accordingly, the Petition filed under section 9 of the Insolvency and Bankruptcy Code for initiation of corporate insolvency resolution process against the Corporate Debtor deserves to be admitted.

22. Accordingly, in light of the above facts and circumstances, it is, **hereby ordered** as under:-

- (i) The Respondent/Corporate Debtor - **JCR Fashion Retail Private Limited** is **admitted** in Corporate Insolvency Resolution Process under section 9(5) of the Code.
- (ii) As a consequence thereof, a moratorium under Section 14 of the Insolvency and Bankruptcy Code, 2016 is declared for prohibiting all of the following in terms of Section 14(1) of the Code.
 - a. *The institution of suits or continuation of pending suits or proceedings against the Corporate Debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;*
 - b. *Transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein;*
 - c. *Any action to foreclose, recover or enforce any security interest created by the Corporate Debtor in respect of its property including any action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;*
 - d. *The recovery of any property by an owner or lessor where such property is occupied by or in the possession of the Corporate Debtor.*
 - e. *The provisions of sub-Section (1) shall however, not apply to such transactions, agreements as may be notified by the Central Government in consultation with any financial sector regulator and to a surety in a contract of guarantee to a Corporate Debtor. The moratorium does not apply to transactions notified by the Central Government, as per Section 14(3)(a) of the IB Code, 2016.*
- (iii) The order of moratorium under section 14 of the Code shall come to effect from the date of this order till the completion of the Corporate Insolvency Resolution Process or until this Adjudicating Authority approves the Resolution Plan under sub-section (1) of section 31 or passes an order for liquidation of the Corporate Debtor under Section 33 of the IBC 2016, as the case may be.

- (iv) However, in terms of Section 14(2) to 14(3) of the Code, the supply of essential goods or services to the Corporate Debtor as may be specified, if continuing, shall not be terminated or suspended, or interrupted during the moratorium period.
- (v) Since, the Operational Creditor has not proposed the name of any IRP. Therefore, from the IBBI Panel List dated 01.07.2025, we appoint **Mr. Rathin Amishbhai Majmudar**, having Registration No. IBBI/IPA-001/IP-P-02576/2021-2022/13928, having address: 604, Scarlet Gateway, Opp. Rivera Antilia, Corporate Road, Near Prahladnagar Garden, Ahmedabad, Gujarat, 380015 (**e-mail**: info@carathin.com, **Mobile** No. 99747-17070) under section 13(1)(c) of the Code to act as Interim Resolution Professional (**IRP**). He shall conduct the Corporate Insolvency Process as per the Insolvency and Bankruptcy Code, 2016 r.w. Regulations made thereunder. He shall submit his consent Form-2 along-with Form-B and Registration Certificate within three days.
- (vi) The IRP so appointed shall make a public announcement (e.g., newspapers, websites) under Regulation 6(2) of IBBI Regulations, 2016, of the initiation of the Corporate Insolvency Resolution Process and call for submissions of claims under section 15 within three days of appointment as per Regulation 6 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, as required by Section 13(1)(b) of the Code.
- (vii) The IRP shall perform all his functions as contemplated, *inter-alia*, by sections 17, 18, 20 and 21 of the Code. It is further made clear that all personnel connected with the Corporate Debtor, its promoters, or any other person associated with the management of the Corporate Debtor are under legal obligation as per section 19 of the Code to extend every assistance and cooperation to the IRP. Where any personnel of the Corporate Debtor, its promoters, or any other person required to assist or co-operate with IRP, do

not assist or cooperate, the IRP is at liberty to make appropriate application to this Adjudicating Authority with a prayer for passing an appropriate order.

- (viii) The IRP is expected to take full charge of the Corporate Debtor's assets and documents without any delay whatsoever within seven days of this order. He is also free to take police assistance in this regard, and this Court hereby directs the Police Authorities to render all assistance as may be required by the IRP in this regard.
- (ix) The IRP shall be under a duty to protect and preserve the value of the property of the 'Corporate Debtor' and manage the operations of the Corporate Debtor as a going concern as a part of the obligation imposed by section 20 of the Code.
- (x) The IRP or the RP, as the case may be, shall submit to this Adjudicating Authority a periodical report with regard to the progress of the CIRP in respect of the Corporate Debtor.
- (xi) We direct the Operational Creditor to pay IRP a sum of **Rs.3,00,000/- (Rupees Three Lakh Only)** in advance exclusive of applicable taxes, within 7 days from the date of this order to meet the initial costs of the CIRP, including issuing public notice and inviting claims, as per Regulation 33(1) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. This amount shall be adjustable against the IRP's fees and expenses as approved by the Committee of Creditors (CoC) under Regulation 33(3), with any excess refundable to the Operational Creditor or shortfall recoverable from the Corporate Debtor's estate as CIRP costs.
- (xii) The Registry is directed to communicate this order to the Operational Creditor, Corporate Debtor, and to the Interim Resolution Professional, the concerned Registrar of Companies and the Insolvency and Bankruptcy Board of India after

completion of necessary formalities, within seven working days, and upload the same on the website immediately after pronouncement of the order. The Registrar of Companies shall update the Corporate Debtor's Master Data on the MCA portal to reflect its status as 'under Corporate Insolvency Resolution Process' within 7 working days of receiving this order and submit a compliance report to the Registrar, NCLT, within 14 working days.

- (xiii) The public announcement under Regulation 6(2) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, shall be published in at least one English (national edition) and one vernacular newspaper with wide circulation in the state of the Corporate Debtor's registered office (Gujarat) and on the Corporate Debtor's website, if any, as per Form A of the said Regulations.
- (xiv) The commencement of the Corporate Insolvency Resolution Process shall be effective from the date of this order.

23. Accordingly, this Petition being **RCP (IB) No.01/9/AHM/2026** [CP (IB) No.249/9/AHM/2025] is hereby **admitted**. Order is dictated and pronounced in open court. A certified copy of this order may be issued, if applied for, upon compliance with all requisite formalities.

Sd/-

SANJEEV SHARMA
MEMBER (TECHNICAL)

Sd/-

SHAMMI KHAN
MEMBER (JUDICIAL)